

## RAILROAD PLAN TO GET RATES DOWN

Propose to Reduce Wages and Return all Savings by Reduction in Charges

### FULL TEXT OF PROPOSAL

Statement By Thomas DeWitt Cuyler, Chairman of the Association of Railway Executives on the Situation.

Following a meeting in Chicago, October 14, 1921, of the presidents of nearly all the leading railroads in the country, Mr. Thomas DeWitt Cuyler, chairman of the Association of Railway Executives, made the following statement:

At a meeting of the Association of Railway Executives today, it was determined by the railroads of the United States, week to week, to bring about a reduction in rates and as a means to that end to seek a reduction in present railroad wages which have compelled maintenance of the present rates.

An application will be made immediately to the United States Railroad Labor Board for a reduction in wages of train service employees sufficient to remove the remainder of the increase made by the Labor Board's decision of July 20, 1920, (which would involve a further reduction of approximately ten per cent), and for a reduction in the wages of all other classes of railroad labor to the going rate for such labor in several territories where the carriers operate.

To Reduce Rates as Wages Go Down The foregoing action is upon the understanding that concurrently with such reduction in wages the benefit of the reduction thus obtained shall, with the concurrence of the Interstate Commerce Commission, be passed on to the public in the reduction of existing railroad rates, except in so far as this reduction shall have been made in the meantime.

The managements have decided upon this course in view of their realization of the fact that the wheels of industrial activity have been closed down to a point which brings depression and distress to the entire public and that something must be done to start them again in operation.

The situation which confronts the railroads is extremely critical. The railroads in 1920 realized a net railway operating income of about \$62,000,000 upon a property investment of over \$19,000,000,000 and even this amount of \$62 million included back pay for prior years received from the Government of approximately \$24,000,000, thus showing, when the operations of that year alone are considered, an actual deficit before making any allowance for either interest or dividends.

The year ended in serious depression in all branches of industry and in marked reduction of the market demand for the products of basic commodities, resulting in a very serious falling off in the volume of traffic.

Roads Forced to Defer Maintenance In this situation, a policy of the most rigid economy and of postponing and cutting to the bone the upkeep of the properties was adopted by the railroads. This was at the price of neglecting and for the time deferring work which must hereafter and at the near future be done and paid for. This is illustrated by the fact that, as of September 15, 1921, over 16 per cent, or 374,431 in number, of the freight cars of the carriers were in bad order and needing repairs, as against a normal of bad order cars of not more than 100,000, as is further illustrated by the deferred and inadequate maintenance of other equipment and of roadway and structures.

Even under these conditions and with this large bill charged up against the future—much must soon be provided for and paid if the carriers are to perform successfully, their transportation duties, the result of operations for the first eight months of this year, the latest available figures, has been at a rate of net railway operating income, before providing for interest or dividends, amounting to only 2.6 per cent per annum on the valuation of the carrier properties made by the Interstate Commerce Commission in the recent rate case, an amount not sufficient to pay the interest on their outstanding bonds.

Roads Earnings Far Below Reasonable Returns It is manifest, from this showing, that the rate of return of 5 1/2 or 6 per cent for the first two years after March 1, 1920, fixed in the Transportation Act as a minimum reasonable return upon railroad investment, has not been even approximately—much less reached, and that the present high rates accordingly are not due to any statutory guarantee of earnings, for there is no such guarantee.

In analyzing the expenses which have largely brought about this situation, it becomes evident that by far the largest contributing cause is the labor cost.

Today the railroads pay out to labor approximately 90 cents on the dollar they receive for transportation services, whereas in 1916 40 cents on the dollar went to labor.

On the first day of January, 1917, when the Government took charge of wages through the Adamson Act, the labor cost of the railroads had not exceeded the sum of about \$1,468,000,000 annually. In 1920, when governmental authority made the last wage

increase the labor cost of the railroads was about \$3,098,000,000 annually, or, if continued throughout the year instead of for the eight months during which the wage increases were in effect the labor cost, on an annual basis, would have been largely in excess of \$3,900,000,000, an increase, since the Government took charge of railroad wages in the Adamson Act, of approximately \$2,430,000,000 annually. In the light of these figures, it is manifest that the recent reduction of wages authorized by the Labor Board, estimated at from 10 to 12 per cent in no sense meets or solves the problem of labor costs and in no way makes it possible for the railroads to afford a reduction in their revenues. Thousands of Rates Already Reduced Indeed, during the past year there have been between four and five thousand individual reductions in freight rates. On some railroads the reductions in rates have amounted to more than the reductions in wages so far made, and on many other railroads the reductions in wages allowed no net return on operations, but merely provided against the further accumulation of a deficit.

The point is often made that agriculture and other industries are also suffering the same immediate difficulties as the railroads, why, therefore, do not the railroads take their medicine like anybody else? The answer lies in several facts:

1. The railroads were not permitted, as were other industries, to make charges during the years of prosperity, making possible the accumulation of a surplus to tide them over the present extreme adversity. According to the reports of the Interstate Commerce Commission, the rate of return on property investment of the railroads of the United States for the past several years has been as follows:

Rate of Return Earned by Railroads of the United States on Their Property Investment

1912	4.84%
1913	5.15%
1914	4.17%
1915	4.17%
1916 Fiscal Year	4.20%
1916 Calendar Year	5.60%
1917	6.10%
1918	5.20%
1919	3.51%
1920	2.46%
1921	0.32%

It will thus be noted that during the years when other industries were making very large profits, when the prices of farm products and the wages of labor were soaring to unheard-of heights, the earnings upon railroad investment in the United States were held within very narrow limits and that they have during the past four years progressively declined.

Roads Handicapped More Than Other Businesses.

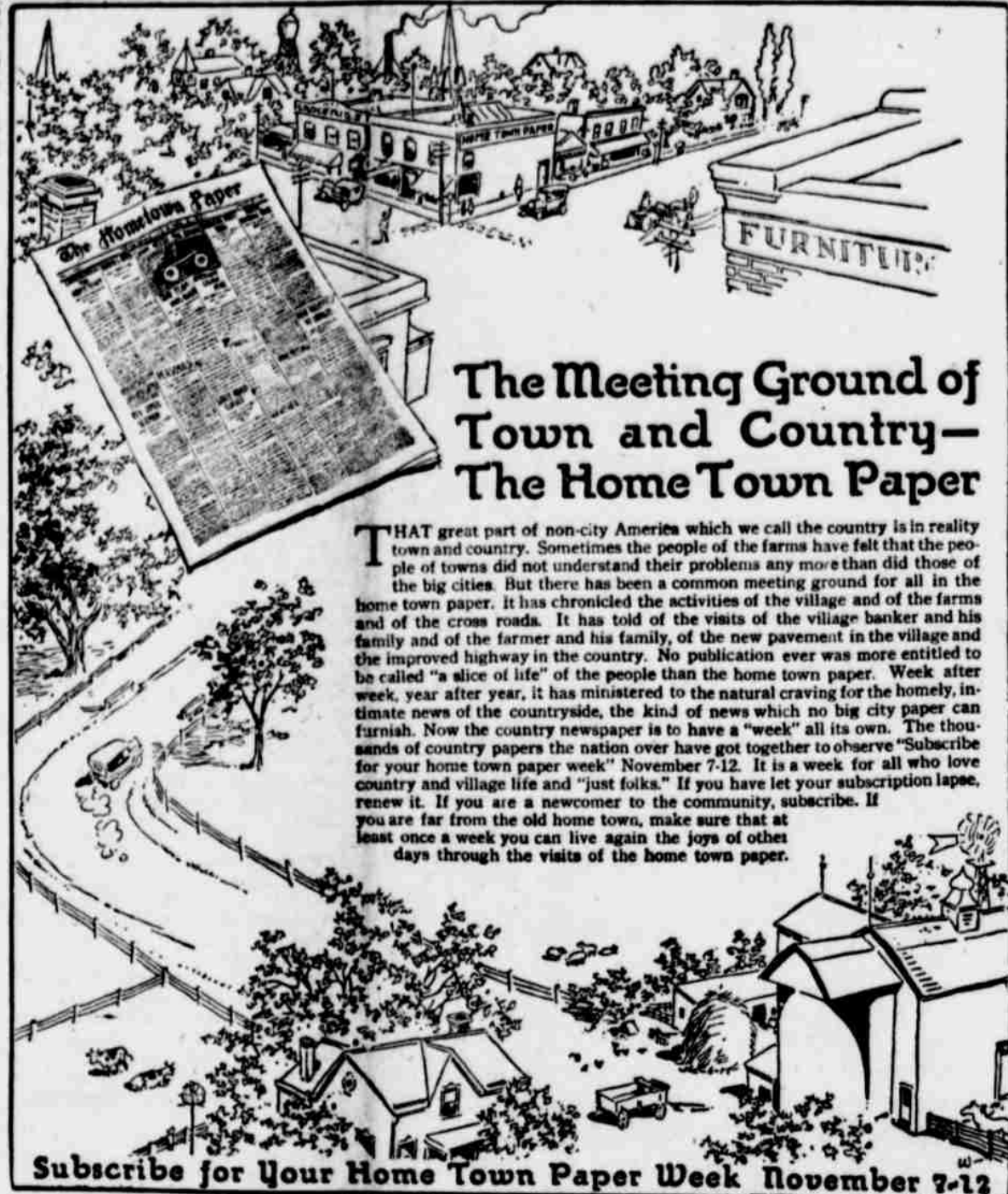
2. The railroads are responsible to the public for providing adequate transportation. Their charges are limited by public authority, and they are in very large respects (notably for labor) compelled to spend money on a basis fixed by public authority. The managements while they are permitted to earn a return upon their investment or to offer inducements to attract new capital for extensions and betterments is extremely limited. However, much the railroads might desire, therefore, to reduce their charges in times of depression, it will be perceived that the limitations surrounding their action do not permit them to give effect to broad and elastic policies which might very properly govern other lines of business not thus restricted.

It has been urged upon the railroads that a reduction in rates will stimulate traffic and that increased traffic will protect the carriers from the loss incident to a reduction in rates. The railroad managements cannot disguise from themselves that this suggestion is merely conjectured and that an adverse result of the experiment would be adequate transportation. Consequently the railroad managements cannot feel justified in placing these instrumentalities, so essential to the public welfare, at the hazard of such an experiment based solely upon such a conjecture.

Farmers Especially Need Lower Rates It is evident, however, that existing transportation charges bear in many cases a disproportionate relationship to the prices at which commodities can be sold in the market and that existing labor and other costs of transportation thus imposed upon industry and agriculture generally a burden greater than they should bear. This is especially true of agriculture. The railroad managements are feeling sensitive to and sympathetic with the distressing situation and desire to do everything to assist in relieving it that is compatible with their duty to furnish the transportation which the public must have.

At the moment railroads in many cases are paying 40 cents an hour for unskilled labor when similar labor is working alongside the railroads and can easily be obtained by them at 20 cents an hour. The railroads of the country paid in 1920 a total of considerably over \$1,300,000,000 to unskilled labor alone. However desirable it may be to pay this, that schedule of wages, it is obvious that it cannot be paid out of railroad earnings unless the industries which use the railroads are capable of meeting such charges.

The railroads, and through them the people generally, are also hampered in their efforts to economize by a schedule of working rules and conditions now in force as a heritage from the period of Federal control and upheld by the Railroad Labor Board. These conditions are expensive, uneconomic and unnecessary from the point of view of railroad operation and extremely burdensome upon the public which pays the bill.



## The Meeting Ground of Town and Country—The Home Town Paper

THAT great part of non-city America which we call the country is in reality town and country. Sometimes the people of the farms have felt that the people of towns did not understand their problems any more than did those of the big cities. But there has been a common meeting ground for all in the home town paper. It has chronicled the activities of the village and of the farms and of the cross roads. It has told of the visits of the village banker and his family and of the farmer and his family, of the new pavement in the village and the improved highway in the country. No publication ever was more entitled to be called "a slice of life" of the people than the home town paper. Week after week, year after year, it has ministered to the natural craving for the homely, intimate news of the countryside, the kind of news which no big city paper can furnish. Now the country newspaper is to have a "week" all its own. The thousands of country papers the nation over have got together to observe "Subscribe for your home town paper week" November 7-12. It is a week for all who love country and village life and "just folks." If you have let your subscription lapse, renew it. If you are a newcomer to the community, subscribe. If you are far from the old home town, make sure that at least once a week you can live again the joys of other days through the visits of the home town paper.

Subscribe for Your Home Town Paper Week November 7-12

### MAN OF REMARKABLE RECORD TO REPRESENT MARINES AT BURIAL OF UNKNOWN HERO

Gunnery Sergeant Ernest A. Janson has been selected to represent the men of the Marine Corps at the burial of the unknown American hero, in the Arlington National Cemetery, on Armistice Day, November 11th. Janson, together with several non-commissioned officers of the Army, all of whom have overseas records, will act as pallbearers.

Janson's record was divulged today at the Marine Corps recruiting office, Indianapolis, Ind., where it was said that he received the Congressional Medal of Honor, the highest American award for bravery. He also holds the Navy Medal of Honor, the French Military Medal and Croix de Guerre with palm, the Italian War Cross and the Montenegrin silver medal for bravery.

The citation for which Janson received his American decorations follows:

"For conspicuous gallantry and intrepidity above and beyond the call of duty in action with the enemy near Chateau-Thierry, France, June 6, 1918. Immediately after the company to which he belonged had reached its objective on Hill 142, several hostile counter attacks were launched against the line before the new position had been consolidated. Sergeant Janson was attempting to organize a position on the north slope of the hill when he saw twelve of the enemy, armed with five light machine guns, crawling toward the group. Giving the alarm, he rushed the hostile detachment, bayoneted the two leaders and forced the others to flee, abandoning their guns. His quick action, initiative and courage drove the enemy from a position from which they could have swept the hillside with machine gun fire and forced the withdrawal of our troops."

Gunnery Sergeant Janson enlisted in the Marine Corps in 1910 and is now on duty at the recruiting station in New York.

This schedule of wages and of working conditions prevents the railroads from dealing equitably with their labor costs in accordance with rapidly changing conditions and the great variety of local considerations which ought to control wages in different parts of the country. The railroads are seeking to have these rules and working conditions abrogated.

The railroads will seek a reduction in wages now proposed by first requesting the sanction of the Railroad Labor Board. The railroads will proceed with all possible dispatch, and as soon as the Railroad Labor Board shall have given its assent to the reduction of wages the general reduction in rates will be put into effect.

### CONFERENCE OF SOCIAL WORK

The Kentucky Conference of Social Work closed its annual session at Lexington on last Saturday. The outstanding features of this year's conference were an address by Governor Edwin P. Morrow on "Kentucky's Public Institutions"; the address by Dr. V. V. Anderson, of the National Committee for Mental Hygiene, on the means of preventing mental diseases; the address of Dr. James Bond on the way to solve inter-racial tangles in Kentucky, and the presentation of a constructive social service program for the State by Prof. John F. Smith.

The trend of discussion in all meetings was towards a constructive legislative program to be presented to the next General Assembly. Things that are particularly needed at this time are, adequate support for the University of Kentucky and the other State educational institutions; a separate school for girls so the present school at Greendale can be removed from the boys' campus; adequate provisions for caring for Kentucky's feeble-minded; a juvenile court in every county in the state; some progressive reforms in our present educational system; larger appropriations for the State Board of Health; and more support of the Board of Charities and Correction.

The president chosen for the coming year is Dr. A. T. McCormack, secretary of the State Board of Health. The secretary is Miss Marsh, of the Louisville Welfare League. The next meeting will be held in Louisville.

"ARMENIA" The following is a translation of an Armenian poem:

O, hallowed ground, O, paradise! Thy memories my heart entice, I faint beneath an alien star, Armenia! Armenia!

What land like thee, what home but mine With such an ardent fame doth shine?

Thy deeds sublime, my glory are, Armenia! Armenia!

By heavenly rivers bloom thy vales, O'er sacred summits sweep thy gales; Nor centuries' frown thy smiles can mar, Armenia! Armenia!

Fair primal Eden loved thy slopes, Adventurous Noah's ship of hopes Above thy vineyards floated far, Armenia! Armenia!

Heroes, thy founders, seers, thy kings As every Orient minstrel sings, And holiest names exalted are Within thy gates, Armenia!

### Back to Town Crier

How many residents of any small community have ever considered what might happen if there were no newspapers? Just previous to "Subscribe for Your Home Town Paper Week," which is to be observed the country over November 7-12, is a good time to recall the plight of Macon, Mo., not long ago, when fire put the Chronicle-Herald out of business for two weeks.

According to The Publishers' Auxiliary, the old town crier, relic of many years back, was yanked from his hiding place, dusted off, and put back on his job, with a jangling bell, a megaphone, and a fog-horn voice only a little worse for long disuse.

It may have been a novelty for two weeks. But think of a community without printers' ink, compelled to get its announcements of auctions, sales, court sessions, births, marriages, deaths, epidemics of sickness, dog ordinances, board meetings, commencements, tax notices, advertisements of help and situations wanted, accidents, and the rest, through a shouted word like that of the ordinary train announcer in a city depot. The town crier was a romantic figure in his day, but few towns would like to return to his ministrations now.

When one thinks of the temporary plight of Macon, and that it might become the permanent handicap of many towns, it is well to think of supporting the local paper.

### MICKIE SAYS

MANY A MAN WHO'S ALLUS BRAGGIN' ABOUT HIS HOME TOWN IS GONNA OBSERVE "SUBSCRIBE FOR YOUR HOME TOWN PAPER WEEK," NOW THAT I'VE CALLED HIS ATTENTION TO IT, BY SUBSCRIBIN' FER TH' OLE RELIABLE SHEET!



## World News

By J. R. Robertson, Professor of History and Political Science Berea College

Considerable anxiety is being manifested by the new attempts of the former emperor of Austria and King of Hungary, Charles, to regain the throne. His purpose, as before, is to seize the power in Hungary and eventually to extend it over Austria and possibly other countries, as opportunity offers. This attempt is more dangerous, as he seems to have worked out a somewhat elaborate plan involving other countries. For example he has offered Hungarian support to Italy in her conflict with Jugo-Slavia in order to induce Italy to keep neutral. The Allies acted quickly when he made his first attempt and are not likely to allow this one to go on unchallenged.

The peace treaties have been ratified by the Senate and have been referred again to Germany and the other countries for ratification of the few alterations suggested. When this has been secured a proclamation of peace will be made and diplomatic relations reestablished with the countries recently at war with us. It is also the apparent intention of the President to withdraw our troops from the Rhine, where they have been since the signing of the Armistice. This is urged in the interests of economy and as a saving to Germany since the expense of maintenance was eventually to fall on her.

The republic of Brazil is planning an international exposition for the coming year in commemoration of the one hundredth anniversary of independence. It is to be in the city of Rio de Janeiro, one of the most beautiful capitals in the world. The United States expects to be represented, and Congress is considering a large appropriation. It is believed that this will be an opportunity to show our good will toward the most friendly of all the South American nations to us, and at the same time to extend our commercial relations with the South American countries. The visit to the U. S. of the President of Brazil some time ago was an important as well as a pleasant occasion.

The little state of Montenegro goes out of existence by the recent act of Queen Milena in refusing to recognize the cabinet of ministers. The state is a small one, but it has thrust its history shown a remarkable spirit of independence. It was one of the first of the Balkan states to be acknowledged by Turkey as a free country. It joined the cause of Serbia and the Allies in the recent war. It objected, however, to the loss of its identity when it was urged to join Jugo-Slavia. The King, Nicholas, the leading spirit in this resistance, died recently and his widowed Queen is not willing to continue the resistance.

The large radio station, which is just completed in New York, has the widest range of any in existence. Wireless messages from here will reach half way around the world. When it is ready for use it will be formally opened and the President will send to New York a message which is to be flashed around the world by connections with other stations. This must be regarded as one of the greatest marvels of modern scientific discovery. Its effect in overcoming the element of space in international relations can scarcely be over-estimated. Nations are constantly being brought closer to each other by the achievements of science.

The former prime minister of Greece, Venizelos, is at present in the United States. He comes as a visitor and is on a bridal trip. His reception by the Greeks in New York was enthusiastic and must have atoned somewhat for his political downfall at home. He was generally regarded as the ablest statesman Greece has had for many years. It was his desire to take advantage of the recent war to expand his country's boundaries and to make her a progressive nation. The people, however, preferred to recall their former king and by this they gained the ill will of the Allies and complicated the situation in southeastern Europe.

Talk about laziness, the laziest person we ever knew is the one who died of indigestion rather than trouble about chewing his food.